

Message Text

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FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMEMBASSY MOSCOW

TRSY WASHDC

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

INFO USSAGE NKP

CINCPAC HONOLULU HI

COGARD

AMEMBASSY BUDAPEST BY POUCH

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

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COGARD FOR POLAD

E.O. 11652:N/A

TAGS: PFOR, XC, USSUBJECT: JANUARY 27 EA PRESS SUMMARY

1. INDOCHINA

GVN OFFICIALS SAY C-F PROPOSED SATURDAY BY SEN KENNEDY IS
"UNILATERAL TRUCE WHICH WOULD MEAN A COMMUNIST TAKEOVER";
KENNEDY CALLED FOR END TO ALL US MIL AID AND IMMEDIATE
TRUCE (UPI, NYDN; PHINQ). GVN OFFICIALS NOTE THAT TRUCE
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ALREADY SIGNED TWO YEARS AGO AND "OBVIOUSLY" HASN'T WORKED,
AND IF US CUTS OFF ALL MIL AID, SVN WOULD NOT HAVE MEANS
TO FIGHT (PHINQ). ON CBS/TV FACE THE NATION SUNDAY, VP
ROCKEFELLER WARNED THAT CONGRESSIONAL CUTBACKS IN MIL AID

TO SVN HAD ENCOURAGED INCREASE IN FIGHTING THERE (CSM).

REP ABZUG URGED END TO AID TO INDOCHINA IN SUNDAY SPEECH TO GROUP PREPARING FOR CANDLELIGHT MARCH TO WH TO DEMONSTRATE NEED FOR USG HELP IN TRACING MIAS (UPI, NYDN). WH SPOKESMAN SAID PRES HOPES TO DECIDE SOON ON WHETHER TO FORM NEW PANEL TO EXAMINE SUBJECT OF MIAS; NATL LEAGUE OF FAMILIES HAD URGED PRES FORM TASK FORCE TO STUDY MIA QUESTION (CSM).

WP'S WEIL AND DANIELS DESCRIBE TWO SEPARATE CANDLELIGHT MARCHES TO WH SUNDAY NIGHT. FIRST WAS BY NATL LEAGUE OF

FAMILIES, WITH ABOUT 220 PERSONS INVOLVED. NATL LEAGUE CHAIRMAN SAID SHE UNDERSTOOD NVN CLAIMS TO HAVE BEEN RELEASED FROM ACCOUNTING REQUIREMENT BY US FAILURE TO PROVIDE RECONSTRUCTION ASSISTANCE; ADDED THAT US SHOULD EITHER LIVE UP TO C-F OR RENEGOTIATE IT. SECOND DEMONSTRATION WAS BY 2000 MEMBERS OF AD HOC ASSEMBLY TO SAVE PEACE AGREEMENT, COALITION OF CIVIL RIGHTS, RELIGIOUS AND PEACE GROUPS MEETING IN WASHINGTON TO OBSERVE C-F SECOND ANNIVERSARY. MCGOVERN ADDRESSED ASSEMBLY, SAID PRES' REQUEST FOR MORE MIL AID "HORRIFIES ME AND SHOULD SHOCK THE CONSCIENCE OF THE NATION." AFSC'S YOUNG STATED THAT REQUEST FOR MORE MIL AID FOR SVN AND CAMBODIA REPRESENTS US MIL INVOLVEMENT AND INTERFERENCE.

SECOND CONVOY, COMPOSED OF TANKER AND TWO AMMO BARGES, RAN COMMUNIST BLOCKADE AND REACHED PP SUNDAY. RICE STOCKS IN CITY REPORTEDLY BELOW TEN DAYS' SUPPLY (WSJ). NYT HAS PAGE-ONE AP PHOTO OF PART OF CONVOY REACHING CAPITAL. SHIPS CAME UNDER HEAVY FIRE, WITH ANOTHER TANKER DESTROYED AND THIRD DISABLED BY GUNFIRE ABOUT 35 MILES SE OF PP DESPITE AIR COVER, ACCORDING MIL SOURCES (UPI CHITRIB, NYDN; PHINQ). ANOTHER CONVOY EXPECTED TO ATTEMPT PP RUN IN FEW DAYS (PHINQ). US UNCLASSIFIED

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SOURCES SAY GKR HOPES RICE CONVOY CAN MAKE IT THROUGH SOON; RICE SUPPLIES IN PP DWINDLING (WP). WP'S GREENWAY IN PP DESCRIBES GANTLET RUN AND ARRIVAL OF CONVOY. QUOTES CAPT OF TANKER THAT HOSTILE FIRE WAS WORST IN HIS EXPERIENCE. NOTES THAT AS DANGER INCREASES THERE HAS BEEN MORE TROUBLE GETTING CREWS TO RISK JOURNEY.

POCHENTONG CAME UNDER HEAVIEST BARRAGE OF YEAR SUNDAY, WITH 33 ROCKETS HITTING CLOSE TO AIR BASE AND IN NEARBY VILLAGE (WP; UPI, CHITRIB). BATTLEFRONT SHIFTS FROM MEKONG TO PORT OF KAMPOT ON GULF OF SIAM, NOW APPARENTLY TOP TARGET FOR REBELS. KAMPOT WAS STRIPPED OF DEFENDERS TO REINFORCE NEAK LUONG, BUT NOW GKR COMMAND BEING FORCED

RETURN THEM TO KAMPOT, LEAVING NEAK LUONG VULNERABLE AGAIN (WP).

WP'S FENTON IN PP REPORTS RECENT GKR MEASURES TO IMPROVE RECRUITING HAVE PUT DRAFTDODGERS IN TIGHT SPOT. DESCRIBES "PRESS-GANG" OPERATION IN USE UNTIL RECENTLY THAT FAVORED THOSE DRIVING CARS AND RICH ENOUGH TO BRIBE WAY OUT.

ACCORDING RELIABLE REPORTS FEW MONTHS AGO, US EMBASSY ATTEMPTED TO SEE THAT PRESS GANG SYSTEM WAS FAIRLY ADMINISTERED. EMBASSY PERSONNEL WERE SENT OUT TO

WATCH RECRUITMENT TEAMS AT WORK. BUT OBSERVERS SOON WERE PULLED BACK, APPARENTLY BECAUSE THEIR PRESENCE WAS LIABLE TO MISINTERPRETATION. AS ONE FRENCH JOURNALIST RECALLED, GKR SYSTEM WAS MUCH SAME AS THAT EMPLOYED BY NAZIS IN VICHY; AMERICANS COULD HARDLY PRETEND SIMPLY TO BE OBSERVING WHAT WAS GOING ON.

NEW SYSTEM BASED ON USE OF POPULATION ORGANIZATION INSTITUTED AT WAR'S BEGINNING: THERE IS CHIEF FOR EVERY TEN HOUSES, FIFTY HOUSES AND EVERY BLOCK IN TOWN, AND WITHHOLDING INFO FROM CHIEFS RESULTS IN FORFITURE OF RICE RATION.

FENTON DESCRIBES JOBS DRAFT-DODGERS SEEK TO AVOID SERVICE; MOST COVETED IS GUARD AT US EMBASSY. QUOTES DESERTER UNCLASSIFIED

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THAT ONE MUST PAY 50,000 RIELS TO GET IT, AND AMERICANS WERE NOT AWARE OF WHAT WAS GOING ON. NOTES OTHER LOOPHOLES BEING PLUGGED, AND THERE WAS "MUCH AMUSEMENT" WHEN DEFENSE MINISTRY AND FANK HQ SENT LARGE PROPORTIONS OF BUREAUCRACY TO FRONT LINES. SAYS RELEASE OF 400 PETTY CRIMINALS FOR MIL SERVICE HAS YET TO PRODUCE RESULTS SINCE MOST APPARENTLY SUFFERING FROM SKIN DISEASES, BUT DOCTOR TREATING THEM STATED THEY SHOULD BE READY FOR SERVICE IN WEEK.

POLICE AND GROUP OF ABOUT 20 BUDDHIST NUNS SCUFFLED SUNDAY IN SAIGON FOLLOWING POLITICAL CONVENTION HELD BY 300 NON-COMMUNIST LEADERS TO MARK SECOND C-F ANNIVERSARY. WITNESSES SAID NUNS WERE CONFRONTED BY POLICE WHILE MARCHING, AND FOUR INJURED. OPPOSITION POLITICAL LEADERS AT AN QUANG PAGODA CONVENTION URGED US END MIL AID TO THIEU AND CALLED FOR HIS OUSTER AND REPLACEMENT BY GOVT OF NATL RECONCILIATION AND CONCORD (AP SUN, NYT; WP; UPI, CHITRIB). WP, CHITRIB, SUN, PHINQ AND GLOBE FRONT-PAGE AP OR UPI PHOTOS OF CLUB-WIELDING PLAINCLOTHES POLICE IN CONFRONTATION WITH NUNS.

GVN COMMAND ANNOUNCES ITS FORCES HAVE SUFFERED 160,000 CASUALTIES SINCE C-F, INCLUDING 28,705 KIA, 115,141 WIA, AND 16,011 MIA. ADDS THAT NVA AND VC HAVE SUFFERED EQUALLY HEAVY LOSSES (AP, SUN; PHINQ; CSM).

VC GUNNERS KEEP UP ROCKET ATTACKS ON TAY NINH THAT HAVE FORCED ABOUT 30-PCT OF 35,000 POPULATION TO FLEE IN PAST THREE WEEKS (CSM). SAIGON COMMAND SAYS COMMUNIST ROCKETS KILL EIGHT IN TAY NINH; AND ROCKETS ALSO HIT NEAR BIEN HOA AIR BASE, KILLING TWO. COMMAND REMAINED SILENT ON FOUR-DAY-OLD BATTLE TO RETAKE BLACK VIRGIN

MOUNTAIN NEAR TAY NINH (REUTER, NYT; WP; UPI, PHINQ; AP, SUN). HEAT-SEEKING MISSILES DOWNED TWO VNAF FIGHTER-BOMBERS NEAR KHMER BORDER, 50 MILES WEST OF SAIGON (UPI NYDN, PHINQ).

CSM'S SOUTHERLAND AT CAN THO SEES ARVN "UP AGAINST IT"
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AND LEARNING TO FIGHT "POOR MAN'S WAR." NOTES PAUCITY OF FIGHTER-BOMBERS, CHOPPERS AND ARTILLERY FIRINGS IN UPPER AND CENTRAL DELTA. QUOTES SOLDIER THAT SITUATION SEEMS "BAD AS IT EVER WAS." MORALE OF TROOPS LOW, WITH MAIN REASON GIVEN AS LACK OF SUPPORT. BLAMES CONGRESSIONAL CUTS IN AID FOR SCARCITY OF AIR SUPPORT AND RATIONING OF AMMO. STATES THAT IN SOME CASES PF SOLDIERS SIMPLY WALKED AWAY FROM THEIR POSTS FOR FEAR OF NO ARTILLERY OR AIR SUPPORT IN EVENT OF MAJOR ATTACK. BELIEVES GVN HOLDS LARGE QUANTITIES OF AMMO IN RESERVE IN EVENT OF MAJOR ATTACK. POINTS OUT THAT VC SELDOM USE ARTILLERY IN DELTA BECAUSE WATERY TERRAIN MAKES DEPLOYMENT DIFFICULT, BUT HAVE LARGE SUPPLY OF ROCKETS AND MORTARS. ADDS SOME SOURCES SAY REDUCTION OF HEAVY AMMO USE IS HEALTHY CHANGE FOR ARVN AND THERE IS STILL WASTAGE THAT CAN BE REDUCED.

2. JAPAN

WSJ (WASHINGTON) REPORTS INTL TRADE COMM RULING THAT TAPERED ROLLER BEARING IMPORTS FROM JAPAN "LIKELY" TO INJURE US MAKERS. CLEARS WAY FOR TREASURY TO IMPOSE ANTIDUMPING DUTIES ON FUTURE IMPORTS, VALUED ABOUT 16 MILLION DOLS YEARLY.

ASAHI REPORTS JAPANESE INSURANCE FIRMS PAID MORE THAN 11 MILLION DOLS FOR DAMAGES IN 19 ACCIDENTS BY JAPANESE SHIPS IN MALACCA STRAITS OVER LAST FOUR YEARS. FIGURE EXCLUDES RECENT SHOWA-MARU OIL LEAK (UPI CSM, PHINQ; AP, SUN).

LAT'S JAMESON IN TOKYO (1/24) NOTES OHIRA STATEMENT

IN DIET THAT CHECK OF TANAKA TAX RETURNS SHOWS NO "INTENTIONAL TAX EVASION." CITES TAX OFFICIAL THAT THREE TOP TANAKA AIDES ALSO BEING CHECKED, AND MORE THAN TEN FIRMS IN WHICH TANAKA HAS INTEREST, INCLUDING KOKUSAI KOGYO OWNED BY CLOSE FRIEND KENJI OSANO, HAWAII'S TOP HOTEL PROPRIETOR. SAYS CHECK SHOWS TANAKA HAD BIG INCOME FROM HORSE RACING.

JOC' CULLISON IN TOKYO SAYS SOVIET DEL LED BY TRADE VICE MIN SUSHKOV ANXIOUS TO REACH AGREEMENT WITH GOJ
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AND INDUSTRY LEADERS THIS WEEK, TO DEVELOP OIL AND GAS RESOURCES OF CONTINENTAL SHELF OFF SAKALIN. SAYS BOTH SIDES COUNT ON GULF OIL CAPITAL, TECHNICAL ASSISTANCE. JAPAN EXPECTED TO INVEST 152 MILLION DOLS OVER FIVE YEARS, TO BE REPAID, IF EXPLORATION SUCCESSFUL, IN GAS, OIL AT PREVAILING PRICES.

CULLISON ALSO REPORTS MIKI SAYING IN DIET POLICY SPEECH THAT JAPAN CAN NO LONGER AFFORD HIGH GROWTH RATE BASED ON EVER-INCREASING USE OF EARTH'S DWINDLING RESOURCES; "ECONOMIC MIRACLE" IS PAST, AND NATION SHOULD GIVE UP LIFESTYLE OF WASTE AND LUXURY, SHIFT TO STABLE GROWTH POLICY.

NYT'S HALLORAN IN TOKYO (1/25) FINDS STRONGER PRO-ARAB LINE IN MIKI POLICY SPEECH, BUT PM MIKI ENDORSED ISRAEL'S RIGHT TO EXIST. MIKI ALSO APPEALED TO ARAB OIL PRODUCERS TO RECOGNIZE ECONOMIC CONSEQUENCES OF QUADRUPLED OIL PRICES, CALLED ON PRODUCERS, CONSUMERS TO RESOLVE DIFFERENCES THROUGH DIALOG. NOTES MIKI WENT BEYOND PREDECESSORS TO URGE SUPPORT FOR DEFENSE FORCES, SAYING "I DO NOT SIDE WITH THOSE WHO ADVOCATE AN UNARMED JAPAN" WHICH "COULD BE DETRIMENTAL" TO STABILITY OF EA REGION.

JOC'S FULLER IN TOKYO CITES EPA OFFICIAL THAT INFLATION IS STILL "PRIME CONCERN" OF GOJ, BUT LOWER WORLD COMMODITY PRICES GIVE RISE TO HOPE JAPAN'S INFLATION CAN BE CUT TO LESS THAN 10 PERCENT BY MARCH 1976.

NYT'S BUTTERFIELD VISITS "SNOW-COUNTRY" HOT-SPRINGS TOWN MADE FAMOUS BY NOBEL PRIZE NOVELIST KAWABATA; FINDS IT CHANGED BY SKIERS, 437,000 OF WHOM CAME TO NEARBY SLOPES OVER NEW YEAR HOLIDAY.

3. THAILAND

THAILAND'S FIRST FREE ELECTION EVER DREW 50 PERCENT TURNOUT OF ELIGIBLE VOTERS SUNDAY. OBSERVERS SAY IT MOST HONESTLY-ADMINISTERED ELECTION IN NATION'S HISTORY (SUN). CONSERVATIVE COALITION PREDICTED (WP, CHITRIB).

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NYT'S BUTTERFIELD IN BANGKOK NOTES FREE ELECTION CONDUCTED BY "ANYA GOVT WHICH SOUGHT ONLY TO GET ITSELF OUT OF POWER SINCE REPLACING MILITARY GOVT. CONTRAST, THIS WITH TREND TOWARD AUTHORITARIAN GOVTS OF LEFT OR RIGHT ELSEWHERE IN ASIA. SAYS BIGGEST GAINERS EXPECTED TO BE FOUR CONSERVATIVE PARTIES. NOTES NUMBER OF PARTIES RUNNING PRECLUDES POSSIBILITY OF EVEN TWO PARTIES WINNING MAJORITY IN 269-SEAT NATIONAL ASSEMBLY, BUT CONSERVATIVES MAY BE ABLE TO PUT TOGETHER COALITION.

SUN'S ISAACS IN BANGKOK SAYS FREEST ELECTIONS IN THAI HISTORY DREW NO MORE THAN HALF ELIGIBLE VOTERS, REFLECTING POPULAR INDIFFERENCE WHICH GREW DURING FOUR DECADES OF MILITARY DOMINATION. VOTING ORDERLY. EARLY RETURNS SHOWED NO CLEAR TREND AMONG MANY PARTIES RUNNING. SAYS SHAPE OF NEW GOVT WON'T EMERGE EVEN AFTER ALL VOTES COUNTED, BECAUSE WINNERS WILL NEED INTERVAL TO NEGOTIATE COALITION.

4. AUSTRALIA

JOC (CANBERRA) CITES SUGAR MILLERS ASSN THAT MILLS SET NEW RECORD CRUSHING 20.4 MILLION TONS OF CANE IN SEASON JUST ENDED; SHOULD YIELD 2.85 MILLION TONS OF SUGAR, LIKELY TO BE VALUED AT A680 MILLION DOLS.

JOC'S STOVE IN SYDNEY DESCRIBES HOW AUSTRALIA PLAYS EUROPE AGAINST JAPAN IN INTERNATIONAL URANIUM POWER GAME. OBJECT IS TO PRESSURE JAPAN INTO INVESTING TWO BILLION DOLS IN ENRICHMENT PLANT FOR AUSSIES, IN RETURN FOR ASSURANCE OF ENRICHED URANIUM SUPPLY. OFFICIAL SAYS GOA WILL HONOR COMMITMENT TO TANAKA TO CONDUCT FEASIBILITY STUDY, EVEN THOUGH SECOND MAJOR CONSUMER NOW ON HORIZON.

5. UN

NYT'S TELTSCH SAYS USG UNHAPPY ABOUT INCREASING FAILURE OF UN TO OBSERVE CHARTER, FOLLOW FAIR PROCEDURE. CITES ONE HIGH-RANKING AMERICAN OFFICIAL THAT WALDHEIM SEEMS UNCLASSIFIED

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TO BE ACQUIESCING IN CHINA, THIRD-WORLD DRIVE FOR INTERNATIONAL RECOGNITION OF PRG. SAYS WALDHEIM APPROVAL OF VC OFFICE IN GENEVA MADE OVER STRONG US OBJECTIONS; SEC GEN EXPLAINED ITS ACTIVITY WOULD BE LIMITED TO

HUMANITARIAN MATTERS, SUCH AS FACILITATING AID ALREADY GOING TO CHILDREN, REFUGEES IN VC-CONTROLLED AREAS OF SVN.

COMMENT AND ANALYSIS

6. INDOCHINA

LAT'S MCARTHUR IN PP (1/23) SEES CONVOY PROBLEM AS FIRST CRISIS FOR GKR THIS YEAR; SECOND IS US GUNS AND MONEY THAT WILL RUN OUT IN FEW MONTHS. SAYS RESPONSIBLE OFFICIALS IN CAPITAL BELIEVE SOME KIND OF FORCED COALITION WILL TAKE PLACE WITHIN 18 MONTHS, AND POSSIBLY SOONER. MOOD IN PP IS GLOOMY, BUT FEW THINK IT WILL

SUCCUMB TO SIEGE: CITY HAS RICE STOCKS, FANK CONTROLS TRUCK-FARMING AREA TO WEST, AND PRIORITY SUPPLIES ARE AIRLIFTED IN FROM THAILAND. COMMUNISTS HAVE LOOSENEED ENCIRCLEMENT IN SOME AREAS TO PROVIDE TROOPS FOR OPERATIONS ALONG MEKONG, AND FANK HAS SHAPED-UP INTO "CREDITABLE IF UNINSPIRING FORCE."

MCARTHUR SAYS MANY BELIEVE LON NOL IS BEING PROPPED UP UNTIL OTHER SIDE GIVES SIGN IT IS PREPARED TO NEGOTIATE; KNOWLEDGEABLE DIPLOMATS HAVE LITTLE DOUBT SOME WAY TO EASE MARSHAL OUT WOULD THEN BE FOUND. PP OFFICIALS ALSO BELIEVE ANY NEGOTIATIONS WILL INCLUDE SIHANOUK, WHOSE "RECURRENT MANEUVERINGS" REINFORCE BELIEFS THAT HE WILL EVENTUALLY TALK. WESTERN DIPLOMATS BELIEVE PEKING IS USING PRINCE TO UPSTAGE NORTH VIETS, SINCE HE IS VITAL LINK TO PRC. EVIDENT PEKING-HANOI FRICTION, PLUS LOCAL FRICTION BETWEEN KHMER COMMUNISTS AND NORTH VIET ALLIES, IS SEEN MAJOR OBSTACLE PRECLUDING SERIOUS NEGOTIATIONS SO FAR. SOME WESTERN EXPERTS BELIEVE HANOI IS NOT ANXIOUS TO SEE FIGHTING STOPPED. SOME THINK THAT PEKING WOULD GET SIHANOUK TO START TALKING IF IT APPEARED GKR WAS GOING TO CRUMBLE.
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MCARTHUR OPINES THAT AMERICANS SEE PRESENT MIL CRISIS IN PP AGAINST THIS BACKDROP, AND WISH TO BUY TIME FOR LON NOL. EVEN IF GKR SURMOUNTS AID CRISIS THIS YEAR, FEW FORESEE NEW CONGRESS AS OVERLY GENEROUS NEXT YEAR.

NYT'S MARKHAM FROM SAIGON SEES US AND INDOCHINA AT CROSSROAD, WITH CONGRESSIONAL RESTRICTIONS SERIOUSLY LIMITING ROOM FOR MANEUVER. REVIEWS RECENT DEVELOPMENTS THAT TO MANY VIETS HAVE REDUCED US TO GUNBOAT DIPLOMACY "WITHOUT GUNS." QUOTES SAIGON OPPOSITION PAPER THAT VIETNAMIZATION AND KHMERIZATION OF WAR REQUIRES ABUNDANT AID; US CONGRESS CANNOT ACCEPT THIS AND AS

ASSISTANCE IS REDUCED, POLICY COLLAPSES. QUOTES SOME AMERICANS IN SAIGON THAT IF SUPPLEMENTAL DOESN'T PASS, HANOI WILL ASSUME WASHINGTON CANNOT SIGNIFICANTLY BUTTRESS SVN AND WILL SEND MAIN-FORCE UNITS INTO LARGE-SCALE ACTION. BUT IN WASHINGTON, CONGRESSMEN FEAR GRANTING MORE MIL AID WILL DEEPEN US INVOLVEMENT AND PROLONG WAR.

MARKHAM SAYS SENIOR DIPLOMATS SEE THREE OPTIONS IN SVN, AND TO SOME EXTENT IN CAMBODIA. FIRST IS TO STEP UP SHARPLY MIL AND ECON AID, WHICH MIGHT MEAN MASSIVE AIRLIFT FOR PP. END RESULT WOULD BE TO ENHANCE MIL CAPABILITIES, REASSURE COUNTRIES OF US SUPPORT, AND REVERSE SLOW TREND TOWARD DISENGAGEMENT. SECOND OPTION

WOULD BE TO PUSH GVN AND GKR FIRMLY IN DIRECTION OF NEGOTIATIONS TO END WARS, ON LAOS MODEL. IN PP, US OFFICIALS SAY RECENT UN VOTE HAS GENERATED MOMENTUM FOR NEGOTIATIONS, BUT AS YET NO SIGN US HAS MADE OVERTURES TO KHMER INSURGENTS. IN VN, C-F PROVIDES FRAMEWORK FOR POLITICAL TALKS BUT THERE IS NO ASSURANCE THAT IF POLITICAL SOLUTION IS REACHED, FRAGMENTED NATIONALISTS WOULD NOT CRUMBLE BEFORE DISCIPLINED COMMUNISTS. MARKHAM NOTES THAT SOMEWHAT PARADOXICALLY, NEGOTIATION OPTION WOULD ENTAIL RENEWED US INVOLVEMENT TO TWIST ARMS. QUOTES MEN WHO KNOW HAK'S THINKING ON INDOCHINA THAT THIS PROSPECT AS MUCH AS ANYTHING ELSE DETERS HIM FROM PUSHING FOR NEGOTIATIONS. SAYS UNCLASSIFIED

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MANY DIPLOMATS THINK US WILL PURSUE THIRD OPTION: MORE OF SAME, WITH DECLINING AID, CONTINUING WAR AND US NOT INTERVENING POLITICALLY OR MILITARILY.

THREE MEMBERS OF WOMEN STRIKE FOR PEACE WRITE TO PHINQ THAT IT IS EVIDENT ADMIN EMBARKING ON COURSE TO ENLARGE US INVOLVEMENT IN INDOCHINA, AND USING NEWS MEDIA AS WEAPON. SAY US VIOLATIONS DATE FROM C-F SIGNING; POINT OUT AGREEMENT DOES NOT CALL FOR NVN TO WITHDRAW TROOPS. SEE FORD ACTING AS IF DUTY TO KEEP WAR GOING, AND "ONLY THE PEOPLE CAN STOP HIM AND ONLY IF THEY ARE INFORMED." CONCLUDE THAT THOSE WHO KNOW ADMIN TRICKS MUST EDUCATE THOSE WHO MIGHT BE LULLED INTO BELIEVING IT.

CSM NOTES THAT PEACE STILL TRAGICALLY REMOTE ON SECOND ANNIVERSARY OF C-F, WITH BOTH SIDES CONTINUING TO VIOLATE ACCORDS. SAYS ALL AMERICANS MUST JOIN IN SPIRIT OF ASSEMBLY TO SAVE THE PEACE AGREEMENT IN WASHINGTON, BUT IT IS MEANS TO SAVE PEACE WHERE OPINIONS DIFFER. PERSISTENT QUESTION IS WHETHER ADDITIONAL US ARMS FRUITLESSLY PROLONG BLOODSHED OR

SERVE BEST INTEREST OF VIET PEOPLE. CSM, IN SUPPORT OF SELF-DETERMINATION, HAS FAVORED US MIL AID TO SVN UNDER C-F TERMS; 300 MILLION DOL FIGURE DOES NOT LOOK EXORBITANT IN LIGHT OF INTENSIFIED FIGHTING AND CONTINUED SOVIET AND CHINESE AID TO NVN. IT WILL BE JUSTIFIED IF PRESERVES MIL STALEMATE SO THAT NEGOTIATIONS AND DEMOCRATIC PROCESSES CALLED FOR IN C-F CAN GO FORWARD. PRES AND SECSTATE OUGHT TO MAKE CLEAR TO THIEU THAT HE HAS RESPONSIBILITY TO ACT ACCORDING TO C-F IF US AID IS TO CONTINUE. AMERICANS NEED EVIDENCE THAT FUNDS ARE TO DEFEND SVN INTERESTS AND NOT ADD TO ITS BURDEN OF REPRESSION AND CORRUPTION. QUESTION NOW IS TO CALCULATE US AID TO SERVE PURPOSE OF HELPING SOUTH VIETS PROTECT WAY OF LIFE AGAINST AGGRESSION.

MIECZYSLAW MANELI, 1963-4 HEAD OF POLISH DELEGATION TO ICC IN VN BUT NOW PROFESSOR AT CITY UNIVERSITY OF NY, CONSIDERS WHAT WEST COULD HAVE ACHIEVED IN VN. SAYS HE WAS INDIRECTLY APPROACHED BY DIEM IN 1963 TO GET UNCLASSIFIED

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IN TOUCH WITH HANOI TO EXPLORE POSSIBILITIES FOR PEACEFUL SOLUTION. TELLS OF PLANS SLOWLY DEVELOPED BY NVN TO INSTITUTE POSTAL, ECON AND CULTURAL RELATIONS, AND SET UP COALITION GOVT IN SOUTH. ASSERTS THAT HANOI ALWAYS SOUGHT NEUTRALIZATION FOR SOUTH, AND AGREED NOT TO PRESS FOR SPEEDY REUNIFICATION. STATES NORTH OFFERED GUARANTEES; HANOI WANTED TO PRESERVE AND WIDEN SMALL MARGIN OF INDEPENDENCE FROM HATRED-AND-FEARED MOSCOW AND PEKING. BELIEVES NVN WOULD HAVE ACCEPTED NEGOTIATED SETTLEMENT, AND RESULT WOULD NOT HAVE BEEN WORSE THAN 1973 C-F FOR WEST. POINTS OUT THAT PRESENT PROBLEMS ARE SIMILAR TO THOSE OF 1963. QUOTES HEGEL AND MARX ON HISTORY REPEATING, AND FRANCIS BACON'S ADVICE THAT IN SUCH SITUATION, HAPLESS SHOULD PRAY.

7. CHINA

IN "NOTES ON CHINA," NYT'S HK CORRESPONDENT CITES NCNA PHOTO OF ASSEMBLED CHINESE LEADERSHIP ON ROSTRUM AT NPC, WITH HUGE MAO PORTRAIT HANGING IN BACKGROUND. SAYS ANALYSTS WHO HAVE LOOKED THROUGH MAGNIFYING GLASS AT TINY, BLURRED IMAGE IN FRONT ROW ARE CERTAIN IT IS CHOU EN-LAI. IF SO, IT IS ONLY PHOTO RELEASED OF PREMIER AT NPC AS HE WAS APPARENTLY DELIVERING HIS ADDRESS. SPECULATES THAT REASON CANNOT BE THAT CHOU IS SENSITIVE ABOUT HAVING HAD TO REMAIN SEATED WHILE SPEAKING, SINCE HE HAS NOT MISSED OPPORTUNITY FOR NINE MONTHS TO POINT OUT THAT HE IS "OLD AND SICK."

WHATEVER PERTINENT MEDICAL FACTS, CAN BE SEEN IN RETROSPECT THAT CHOU'S RETREAT TO SIDELINES SERVED

POLITICAL PURPOSE, FOR IT REMOVED SUBJECT OF HIS LEADERSHIP FROM REALM OF DEBATE AND FOCUSED ATTENTION ON MORE IMPORTANT QUESTION OF WHO SHOULD GUIDE CHINA THROUGH IMPENDING SUCCESSION -- AND NPC SHOWED IT WAS NONE OTHER THAN SUPPOSED CONVALESCENT CHOU WHO HAD SHAPED ANSWER. BEFORE ADJOURNING, NPC ADOPTED RESOLUTION HAILING "TREMENDOUS SUCCESSES" OF STATE COUNCIL, WHICH CHOU HEADS; OTHERWISE, PREMIER CONTINUED TO HIDE HIS LIGHT, POSSIBLY BECAUSE HE DID NOT WANT TO SAY HE HAD WON OR THAT MAO HAD LOST.
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THEREFORE, THERE WERE NO SEPARATE PHOTOS OF CHOU AND NO OVERT TRIBUTES TO HIS LEADERSHIP. AND WHILE MAO COULD HINT BY STAYING AWAY THAT HE WAS UNRECONCILED

TO DECISIONS NPC WAS CALLED ON TO RATIFY, CHOU DELIVERED SPEECH THAT WAS ANTHOLOGY OF CHAIRMAN'S QUOTATIONS. SIGNIFICANTLY, IN ONLY TWO SPEECHES SUBSEQUENTLY PUBLISHED -- CHOU'S AND ONE BY CHANG CHU-CHIAO -- THERE WERE ONLY TWO PASSAGES IN WHICH SPEAKERS SAID THEY WERE RESPONDING DIRECTLY TO MAO'S INSTRUCTIONS. CHOU SPOKE OF MAO'S ECONOMIC PLANNING INSTRUCTIONS -- MORE THAN TEN YEARS OLD; AND CHANG SAID MAO HAD ASKED THAT "FREEDOM TO STRIKE" BE GUARANTEED IN CONSTITUTION, GLOSSING OVER FACT THIS HAD BEEN DONE ALREADY FIVE YEARS AGO WHEN CONSTITUTION'S FIRST DRAFT CIRCULATED. SO, THERE WERE NO FRESH INSTRUCTIONS FROM MAO, NO WORDS OF ENCOURAGEMENT FOR NPC. WHETHER OUT OF TACT OR CAUTION, CHOU RETURNED TO HOSPITAL.

IN SECOND "NOTE," CORRESPONDENT SAYS SOLE IMPORTANT POLITICAL DEMOTION REVEALED AT PEKING MEETINGS THIS MONTH, INVOLVING MANCHURIA MILITARY COMMANDER LI TEH-SHENG, CAME AS LITTLE SURPRISE. LAST SPRING LI CAME UNDER ATTACK ON WALL POSTERS AND DISAPPEARED FROM VIEW. NOW HE WAS BEING ALLOWED TO REAPPEAR IN PUBLIC IN PEKING FOR FIRST TIME, BUT HIS SEAT ON ROSTRUM INDICATED HE HAS SLIPPED ABOUT 10 NOTCHES IN POLITBURO RANKING AND HAS LOST DEPUTY CHAIRMANSHIP.

OF 12 DEPUTY PREMIERS PRESENTED TO NPC, THREE ARE MODEL WORKERS AND PRESUMED, AT LEAST BY SKEPTICAL FOREIGNERS, TO HAVE NEGLIGIBLE POLITICAL POWER. PRELIMINARY JUDGMENT SEEMS TO BE THAT CHOU'S STATISTICS, INDICATING CHINA'S PROGRESS IN AGRICULTURE AND INDUSTRY OVER DECADE SINCE LAST SUCH REPORT WAS GIVEN, WERE REASONABLE AND BELIEVABLE, BUT NOT VERY REVEALING. PREMIER ALSO OFFERED TWO POPULATION STATISTICS, BUT THEY WERE APPARENTLY INCONSISTENT. HE SAID POPULATION HAD INCREASED BY 60 PERCENT IN LAST 25 YEARS AND IS "NEARLY 800 MILLION." YET, ACCORDING TO ONLY OFFICIAL

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POPULATION FIGURES PEKING HAS EVER ISSUED, PRC HAD POPULATION OF 541 MILLION IN 1949. IF THAT WAS CORRECT, AND THERE HAS BEEN 60 PERCENT INCREASE, POPULATION WOULD NOW STAND AT 865 MILLION.

ASIA SOCIETY VP BARNETT SEES NOW-ANNOUNCED BUSINESS OF NPC CASTING SOME LIGHT ON QUESTIONS MANY CHINA-WATCHERS HAVE BEEN GIVING ONLY FALTERING ANSWERS: WHO IS REALLY IN CHARGE; WHAT APPEARS TO BE PECKING ORDER WITHIN GOVT PARTY APPARATUS; WHAT IS PLA AUTHORITY AND POWER; WHAT IS STATUS OF SINO/SOVIET, SINO/US RELATIONS; WHAT WILL BE PRC'S FUTURE DEVELOPMENT STRATEGY? NPC SEEMS TO REASSURE AMERICANS CHOU IS

PRC'S GUIDING SPIRIT, THAT CIVILIANS WILL CONTROL COUNTRY'S MILITARY, WITH NO EVIDENCE OF RISING INFLUENCE OF MILITARY ESTABLISHMENT.

NPC PROCEEDINGS INDICATE UNSURPRISINGLY THAT PEKING STERNLY CONDEMNS SUPERPOWERS' HEGEMONISMS, BUT THAT THERE IS DIFFERENCE OF ATTITUDE TOWARDS US AND TOWARDS SOVIET. THERE REMAINS NO SATISFYING EXPLANATION OF MAO'S ABSENCE FROM NPC. ANOTHER IMPORTANT DIMENSION OF NPC BUSINESS WAS HOW IT SEEMED TO FORESHADOW CHINA'S FUTURE ECONOMIC DEVELOPMENT STRATEGY.

CHOU'S REPORT TO NPC REVEALS POWERFUL CONTINUITIES IN EFFECTIVE GROWTH STRATEGY THAT CARRIED CHINA THROUGH GPCR AND IS NOW PROJECTED TO CONTINUE REST OF CENTURY. BARNETT RECALLS THAT AT WILLIAMSBURG MEETINGS NOW HELD EVERY YEAR SINCE 1971, US, EA AND SEA PARTICIPANTS HAVE OBSERVED REPEATEDLY THAT PEKING HAS NEVER ADVOCATED THAT ANY OTHER SOCIETY ADOPT "CHINA MODEL." REPS OF SEA DEVELOPING COUNTRIES, "AWED AND REPELLED, TOO," BY PRC "EGALITARIANISM," REJECT RELEVANCE OF CHINA MODEL TO THEIR PARTICULAR NEEDS. RAPID GROWTH AND "TRICKLE DOWN" JAPANESE, SK AND TAIWANESE ECONOMIC STRATEGIES "ARE MORE FASCINATING." BUT BUSINESS OF FOURTH NPC, COMING AT TIME WHEN ALL ASIANS ARE GRAVELY THREATENED BY INFLATION, RECESSION, MOUNTING DEBT, AND UNCERTAINTY OVER FUTURE VIABILITY

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OF WORLD'S COMMERCIAL FINANCIAL SYSTEM, MAY CAUSE THEM TO RECONSIDER PRC ECONOMIC DEVELOPMENT EXPERIENCE AND TRY TO DISTINGUISH, WITH SOME REFINEMENT, ITS CONSERVATIVE-BUREAUCRATIC AND ITS RADICAL-POPULIST ELEMENTS AND ITS METHOD OF ACCOMMODATING EXPECTATION

OF ADJUSTMENT TO UNFORESEEN SOCIAL AND ECONOMIC REALITIES WITH GRAND DESIGN (SUN).

TORONTO GLOBE AND MAIL'S BURNS, IN PEKING, FINDS CHINA'S TV, IN TERMS OF TECHNIQUES AND VIEWING AUDIENCE, IS STILL BACK WHERE TV IN US WAS IN EARLY 1950S. ONE PROBLEM IS UNDOUBTEDLY RELATIVELY HIGH PRICE TAG ON TV RECEIVERS. VISITORS TO PEKING STATION IN RECENT TIMES HAVE BEEN TOLD CCP ATTACHES HIGHEST IMPORTANCE TO MEDIUM'S DEVELOPMENT; BUT, STRANGELY, BIGGEST EFFORT OF MOMENT APPEARS DEVELOPMENT OF COLOR TRANSMISSION, AS MATTER OF PRESTIGE. THERE HAS BEEN SOME SLIGHT LESSENING IN POLITICAL STRIDENCY OF TV PROGRAMMING. PEKING HAS FILM-EXCHANGE AGREEMENTS WITH SEVERAL FOREIGN BROADCASTING ORGANIZATIONS, AND FRUITS OF THESE SOMETIMES APPEAR ON TV INTERNATIONAL NEWS SHOWS -- BUT ONLY WHEN EVENT IN V INTERNATIONAL NEWS SHOWS -- BUT ONLY WHEN EVENT IN QUESTION SERVES TO ILLUSTRATE POINT OF PARTY POLICY (CSM).

8. JAPAN

NYT'S HALLORAN IN TOKYO SEES JAPANESE "NERVOUSLY WAITING" FOR "ME INVASION," MUCH AS THEY FACED MONGOLS SEVEN CENTURIES AGO. BUT THIS TIME, ARABS AND IRANIANS BRING OIL MONEY, AND JAPAN MORE VULNERABLE TO THAT THAN MONGOL ARMS. JAPANESE KNOW, BUT ARE RELUCTANT TO ADMIT PUBLICLY, THAT OIL PRODUCERS COULD FORCE THEM TO PERMIT SIZABLE INVESTMENTS WITH THREAT OF NEW OIL EMBARGO.

JAPANESE ARE LITTLE CONCERNED ABOUT ME CAPITAL INFLOW AS LOANS, BANK DEPOSITS, OR TO BUY BONDS OR EVEN STOCKS, SO LONG AS LATTER LIMITED TO SMALL PORTFOLIO INVESTMENTS, WHAT THEY FEAR IS OIL PRODUCER INVESTMENT IN INDUSTRY, PARTICIPATION IN MANAGEMENT, AND PERHAPS CONTROL OF VITAL INDUSTRIES. '

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GOJ NOT SURE HOW TO HANDLE THIS ISSUE, BUT WISH TO MINIMIZE FOREIGN INFLUENCE PREVAILS STRONGLY AS IN LAST CENTURY, WHEN JAPAN DECIDED TO MODERNIZE WITHOUT FOREIGN HELP. IN RECENT YEARS, THOUGH, US, WE AND INTL ECONOMIC ORGANIZATIONS HAVE PRESSURED JAPAN TO LIBERALIZE CAPITAL MARKET, LEAVING IT MORE OPEN TO ME INVESTORS THAN FIVE YEARS AGO. ADMINISTRATIVE GUIDANCE, OTHER LEGAL MEANS TO RESTRICT FOREIGN CONTROL OF JAPANESE FIRMS OFFER SOME PROTECTION, BUT HALLORAN NOTES PARTICULAR VULNERABILITY OF UNIQUELY HIGH DEBT-TO-EQUITY RATIO IN JAPAN WHICH LOWERS RELATIVE COST OF TAKE-OVER. CONCLUDES THIS LEADS TO GREATEST JAPANESE FEAR -- THAT OIL MONEY WILL TURN TO JAPAN IF US, WE ABLE TO REPEL ME TAKEOVERS.

KISSINGER

NOTE BY OC/T: POUCHED BUDAPEST.

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